6/16/87 C0175-1

American Banker

The Daily Financial Services Ne

150222000015 8/15/05 C11
CONGRESSIONAL INFOR SREV SRI
ACQUIS EDITOR SRI
4520 E. WEST HIGHWAY
BETHESDA MD 20814

VOL. CLII NO. 116 Tuesday, June 16, 1987

TODAY

THE NEW CHIEF at Mellon Bank Corp., Frank V. Cahouet, is expected to move quickly to restore short-term profits, observers said.....2

CITIZENS AND SOUTHERN, Atlanta, will go on trial next month, accused of mismanaging a trust fund that lost tens of million of dollars in the 1970s.....2

NONPERFORMING FARM LOANS at California's banks rose last year at the same time they were decreasing at financial institutions nationwide, a survey finds.....3

BANKERS ARE MORE LIKELY than thrift executives to get bonuses based on individual performance, but the bonuses are, on average, below those given investment firm executives, according to a recent survey.....3

A POLICY STATEMENT issued by the Federal Reserve Board has added uncertainties to the responsibilities of holding companies with troubled subsidiaries, writes John Duncan.....4

HAMILTON COUNTY STATE BANK, the Cincinnati area's only minority bank, was among three financial institutions closed by regulators last Friday.....6

MARKETING TODAY

CHASE MANHATTAN has introduced a Visa card that will support the work of the U.S. Committee for UNICEF.....8

WITH SUMMER AT HAND, financial services executives are using sports to add muscle to marketing efforts.....8

SOUTHEAST BANK, Miami, is now focusing on customer satisfaction in its employee suggestion program.....9

A JOINT VENTURE turned ugly when SafeCard Services Inc. charged Data Card Corp. with breach of contract and stealing trade secrets.....14

INTERNATIONAL BOND DEALERS are planning their own on-line transaction exchange.....15

MAURY MANN, the new chairman and chief executive officer of the Pacific Stock Exchange in San Francisco, has plans to make the troubled institution more of a major player.....24

KEEPING CURRENT

Executive Changes.....17

In the News.....3

Quote

If the good Lord isn't available himself, it's got to be somebody who looks like him. That's going to be a tough job.

FDIC Chairman L. William Seidman on who should chair the presidential commission to study banking issues- [Page 1]

Unquote

Seidman Lauds Banks' Reserve Additions

But Allows Action Could Wipe Out 2nd-Quarter Earnings

By BARBARA A. REHM
Washington Bureau

WASHINGTON — The recent spate of additions to loan-loss reserves by the nation's biggest banks could wipe out aggregate net earnings for the industry in the second quarter, the Federal Deposit Insurance Corp. said Monday. The losses could set quarterly records.

L. William Seidman

However, the lack of additions to loan-loss reserves also played a big part in making record earning increases possible in the first quarter, according to the agency's *Quarterly Banking Profile.*

In an interview last Friday, FDIC Chairman L. William Seidman applauded the banks for making additions to loan-loss reserves. The recent add-ons by 10 banks totaled $9.17 billion. "It's all for the good," he said. "The market had already put these reserves in place in valuing the stocks."

Commercial banks earned $5.3 billion in the first quarter, up 4.4% from the same period of 1986. "A major reason for this improvement was a 12.7% decline in loan-loss provisions," the report stated. Seventy percent of that falloff took place at large Southwest banks that had made huge additions to loan-loss reserves in the first quarter of 1986.

After the roller coaster of record earnings in the first quarter and expected record declines in earnings for the second quarter, the FDIC predicted that the banking industry's fortunes would improve in the second half of 1987 because less cash will be needed to cover soured loans.

While Mr. Seidman favored the loan-loss additions, he questioned the effect the larger loan-loss reserves would have on banks' negotiations with Third World debtor countries. "The decision is still out."

Uncertainty also surrounds the issue of whether reserves for loan losses should be considered part of primary capital. "It [the huge reserve addition] does call into question

Seidman: Page 23 ➤

Banks Spend Heavily on Losing Candidates

Over One-Third of Funds Go for Failed Campaigns

By BART FRAUST

NEW YORK — Everybody loves a winner, nobody loves a loser — except the nation's largest commercial banks.

Federal Election Commission reports show that more than one-third of the money contributed by political action committees of the 10 largest banks to U.S. Senate candidates in 1985 and

AN American Banker SPECIAL REPORT

1986 went to individuals who later were defeated in primaries or elections.

In fact, the Senate candidate who received the most money from the individual bank political action committees was Slade Gorton, the Washington Republican who lost his reelection bid last year to Democrat Brock Adams. Mr. Adams did not get any funds from the political action committees of the 10 banks, the reports show. Mr. Gorton was a member of the Senate Banking Committee.

Other Senate losers who got big bucks were Mack Mattingly of Georgia, Ed Zschau of California, James S. Abdnor of South Dakota, and Mark N. Andrews of North Dakota — all Republicans. Mr. Mattingly was a Banking Committee member.

Of the 11 Senate candidates who received the most money, five lost their election bid.

A. Wright Elliott, the chairman of Chase Manhattan Corp.'s political action committee, described the results as surprising, but he added that the

PAC: Page 18 ➤

Senate Spending

The top 10 bank political action committees last year contributed $480,963 to 83 senators and candidates. Sponsors of these PACs are listed below, with 1986 Senate spending.

	Contributions
J.P. Morgan & Co.	$124,000
Citicorp	103,143
BankAmerica Corp.	49,025
Manufacturers Hanover Corp.	44,604
Chase Manhattan Corp.	33,200
Chemical New York Corp.	31,333
Bankers Trust New York Corp.	28,000
Security Pacific Corp.	23,500
First Chicago Corp.	22,500
First Interstate Bancorp	21,658

Master Service

Master the service possibilities with MAPP,™ the nation's largest POS program. Utilizing the MasterCard® telecommunications network, Banknet,® MAPP provides the highest quality of service by guaranteeing response times and performance levels. Call (800) 247-7054 for more information.

MasterCard

Master The MAPP Possibilities™

© 1987 MasterCard International Inc.

BANKING CONSULTANTS OF AMERICA

THE ESOP AND EXECUTIVE COMPENSATION SPECIALISTS

6584 Poplar Avenue,
Memphis, Tennessee 38138-9990
(901) 682-0611

MEMPHIS • DALLAS
SAN FRANCISCO • WASHINGTON, D.C.

Banks Spend Heavily to Support Losing Candidates

Continued from Page 1

most recent election was "one of those unusual years." Several races were very close, with the winners in eight races being decided by margins of victory of less than two percentage points, he said.

Mr. Elliott, who is also an executive vice president at Chase, noted that the securities industry outspends banking by an enormous amount. Asked whether this affects the success or failure of the banks' congressional lobbying efforts, he said, "We think that, philosophically, you have to vote for people who support the free-market system. That may be naive, but that's how we operate."

Reports were obtained from the Federal Election Commission for political action committees of the 10 largest bank holding companies: Citicorp, the BankAmerica Corp., the Chase Manhattan Corp., Manufacturers Hanover Corp., J.P. Morgan & Co., the Chemical New York Corp., the Security Pacific Corp., Bankers Trust New York Corp., the First Interstate Bancorp, and the First Chicago Corp. The reports cover two years' worth of contributions.

Under federal law, corporations are prohibited from making direct contributions to candidates for President, the Senate, or the House. However, corporate officers are permitted to contribute up to $5,000 a year to political action committees formed by their companies.

Such committees are under fire, with critics charging that they constitute federally sanctioned mechanisms enabling corporations to buy influence with politicians. The Senate currently is debating proposed legislation to limit spending by these committees.

Governing panels of the political action committees at the individual companies decide where the money will go. The councils comprise officers from throughout the corporation. For example, Chase's political action committee council includes a treasurer and representatives from its corporate communications, individual banking, trading and securities, and public policy groups. Participants may earmark funds for particular candidates.

Besides contributing to candidates, the political action committees also allocate funds to trade group PACs, such as the one administered by the American Bankers Association.

Citicorp says that before it makes a contribution, it has candidates screened by the political action committee governing panel, executives, political strategists, and the corporation's representatives in Washington, Albany, and other state capitals.

At least 60% of Citicorp political action committee funds not earmarked by contributors go to political figures who have demonstrated "a constructive attitude on issues related to our theme of competition and deregulation," according to a brochure put out by Citicorp's PAC.

The rest of the nonearmarked monies are distributed to politicians who have requested funds. "This gives us the opportunity to present Citicorp's views to legislators who have not always shared our philosophy," the brochure states.

In total, political action committees for the 10 banks contributed $1.135 million to 1,078 Senate and House candidates in 1985 and 1986.

Citicorp Leads the Pack

Citicorp was the leader, contributing $302,514 to 184 candidates, the reports show. However, J.P. Morgan & Co. was the most generous of the banks, giving an average of $1,982.57 to 109 candidates. Citicorp's average was $1,644.10, the second highest among the 10 banks.

First Interstate was least active. Federal Election Commission reports show that the company's political contributions are divided among six political action committees: one administered by the holding company, the others by bank subsidiaries in California, Colorado, Oregon, Washington State, and Nevada.

The First Interstate political action committees contributed a total of $44,133 to 63 candidates, or an average of $700.52.

As a group, the banks contributed more money to Republicans than to Democrats. The political action committees gave $643,402 to 555 Republican candidates. This amount represented 56.7% of the total paid out by the PACs to individual candidates.

A total of 522 Democrats received $491,653, or 43.3% of the total. One candidate not affiliated with either major party got $500, or less than 1%.

The average contribution was $217.42 higher for Republicans than for Democrats: a total of $1,159.28 against a total of $941.86.

The average contribution was higher for Republicans than for Democrats at nine of the 10 banks. The one exception was First Chicago, which on average contributed $34.98 more to Democrats than to Republicans.

At Morgan, Republican candidates received $678.43 on average more than Democrats. Security Pacific contributed three times as much to Republicans as to Democrats. Among banks with pro-Republican tilts, Manufacturers Hanover had the thinnest margin between candidates of the two parties: $39.46.

1986 Spending by Top Bank PACs

Funding Provided to House and Senate Candidates
By 10 Largest Bank-Sponsored Political Action Committees

Sponsors	No. of Recipients	Amount of Contributions	Average Contribution	% of Total For Top 10
Citicorp	184	$302,514	$1,644	26.6%
J.P. Morgan & Co.	109	216,100	1,983	19.0
BankAmerica Corp.	164	109,715	669	9.7
Chase Manhattan Corp.	129	88,750	688	7.8
Chemical New York Corp.	114	87,042	764	7.7
Manufacturers Hanover Corp.	103	82,276	799	7.2
Bankers Trust New York Corp.	66	75,000	1,136	6.6
Security Pacific Corp.	80	65,675	821	5.8
First Chicago Corp.	66	64,350	975	5.7
First Interstate Bancorp	63	44,133	701	3.9
TOTAL	1,078	$1,135,555	$1,053	100.0%

Total Contributions: By Party

	No. of Recipients	Amount of Contributions	Average Contribution	% of Total For Top 10
Republicans	555	$643,402	$1,159	56.7%
Democrats	522	491,653	942	43.3
Other	1	500	500	0.1
TOTAL	1,078	$1,135,555	$1,053.29	100.0%

Total Contributions: Senate Candidates

	No. of Recipients	Amount of Contributions	Average Contribution	% of Total For Top 10
Republicans	42	$325,708	$7,755	67.7%
Democrats	41	155,255	3,787	32.3
TOTAL	83	480,963	5,795	42.4%

Total Contributions: House Candidates

	No. of Recipients	Amount of Contributions	Average Contribution	% of Total For Top 10
Republicans	513	$317,694	$619	48.5%
Democrats	481	336,398	699	51.4
Other	1	500	500	0.1
TOTAL	995	$654,592	$658	57.6%

Republican candidates got 67.2%, or more than two-thirds, of the money allocated to campaigns for the Senate. Senate contributions accounted for 42.4% of the total.

The top 11 recipients got 53.5% of the money committed to Senate candidates. Mr. Gorton led with 8.6% of the Senate total; Sen. E.J. "Jake" Garn, the Utah Republican who until last year was chairman of the Senate Banking Committee, was second, with 7.9%; and Sen. Daniel Patrick Moynihan Jr., D-N.Y., followed with 6.8%.

The other candidates in the top 11 were: Mr. Mattingly with 6.1%; Mr. Zschau with 4.6%; Sen. Alan J. Dixon, D-Ill., with 4.5%; former Sen. Abdnor, R-S.D., with 3.4%; Sen. Bob Packwood, R-Ore., with 3.1%; Sen. Arlen Specter, R-Pa., with 2.9%; and former Sen. Andrews, R-N.D., and Sen. Alfonse M. D'Amato, R-N.Y., shared 10th place with 2.8%.

Mr. Abdnor was the favorite of the Citicorp political action committee, receiving 9.7% of its Senate contribution. Mr. Moynihan was clearly Chemical's favorite, getting 19.5% of its Senate monies. He also was the top money recipient at Morgan, taking in 8.1% of its contributions.

Mr. Garn got top money from Chase and Manufacturers Hanover, pulling in 15.1% of Chase's Senate contribution and 13.5% of Manufacturers Hanover's. Bank of America allocated 15.7% of its Senate contributions to Mr. Gorton, and Security Pacific gave him 10.6% of its Senate total.

Mr. Dixon received 31.1% of First Chicago's Senate campaign outlays, Mr. Mattingly 17.9% of Bankers Trust's, and Mr. Zschau 19.9% of First Interstate's.

While Citicorp was the most generous donor to federal elections overall, Morgan was the leading contributor to Senate campaigns. Morgan doled out $124,000 to Senate campaigns, compared with Citicorp's $103,143.

The election reports also show that although banks backed Senate winners by a 32-to-14 clip in the 1986 elections, losers captured 35.5% of the total funds expended on Senate campaigns.

On the House Side

In the House campaigns, the individual bank political action committees contributed to more Republicans than Democrats. However, the total and average contributions were higher for Democrats than Republicans.

A total of 513 Republican House candidates received $317,694, or

PAC: Page 19

Brokerage Houses Vie with Banks in Backing Politicians

NEW YORK — While Ed Zschau, the Republican senatorial candidate in California, was raking in bank political action committee money last year, his victorious opponent, incumbent Alan Cranston, D-Calif., was the big money recipient from the committees of Merrill Lynch, First Boston, and Salomon Brothers.

Mr. Cranston, who was not among the top money getters from the political action committees of the nation's 10 largest banks, is a member of the Senate Banking Committee.

In fact, Mr. Cranston was the Senate leader in contributions from the Merrill, First Boston, and Salomon Brothers political action committees, Federal Election Commission reports covering 1985 and 1986 show. He narrowly edged out Mr. Zschau in the general election.

Other top recipients from these securities houses were Sen. Donald W. Riegle Jr., D-Mich.; Sen. Timothy E. Wirth, D-Colo.; Sen. Christopher J. Dodd, D-Conn.; and Sen. Dan Quayle, R-Ind.

In total, political action committees from the three securities houses pumped in $357,450 to 315 House and Senate campaigns in 1985 and 1986, the reports show. Of the total, 166 Democrats got $190,550, or 53.3%, and 149 Republicans received $166,900, or 46.7%.

During the same period, political action committees of the 10 largest banks contributed 56.7% of the House and Senate outlays to Republicans and 43.3% to Democrats.

Among the three firms, First Boston had the greatest Democratic tilt, allocating 71.9% of its House and Senate contributions to Democrats. Merrill Lynch had the greatest Republican slant, with 56.3% of its funds going to Republican candidates. Salomon Brothers gave 54.4% of its Senate and House outlays to Democratic hopefuls.

The average contribution from the three securities firms was $1,135, compared with $1,053 for the 10 largest banks.

If the three securities firms were ranked with the 10 largest banks in terms of number contributions, Merrill Lynch would rank third behind Citicorp and Morgan, First Boston fifth, and Salomon ninth. By average contributions, Salomon would have ranked third, Merrill fifth, and First Boston sixth.

— Bart Fraust

THE MARKETS

Money Market

Monday June 15, 1987

Federal funds range 6 11/16%-6 15/16%
Prime rate (5/18/87) 8.25%
Discount rate FRB of New York (8/21/86) 5½%
Call Loans on Securities:
To brokers on stock exchange collateral 8.00%

Bankers Accepts. offering rate—discount basis (6/15/87)

30 days—6.75	60 days—6.75	90 days—6.75
120 days—6.79	180 days—6.79	

N.Y. City Banks' CDs — Highest Offering Rate (6/15/87)

14 days—6.30	30 days—6.50	60 days—6.55
90 days—6.60	120 days—6.65	150 days—6.70
180 days—6.75	270 days—7.00	360 days—7.35

Aaa Dealer Comm'l Paper—discount basis (6/15/87)

30 days—6.80	60 days—6.85	90 days—6.875

Comm'l Paper Directly Placed—Range disc. Basis (6/15/87)

5-14 days—6.25-6.70	15-29 days—6.25-6.80
30-59 days—6.25-6.80	60-89 days—6.25-6.80
90-179 days—6.25-6.825	180-270 days—6.25-6.70

Eurodollar Deposits—London bid (6/15/87)

Overnight—6⅝	7 days—6 11/16
1 mo.—6 15/16	3 mos.—7.00
6 mos.—7 3/16	1 year—7 9/16

NIBOR (6-month) 7 5/16%
LIBOR (6-month) 7 5/16%

Futures Markets

The Bond Buyer Municipal Bond Index

	June 15, '87	June 12, '87	June 7, '87
Index	91.08	90.25	88.21
Yield to Par Call	8.31	8.37	8.68
Yield to Maturity	7.99	8.03	8.25

The Bond Buyer Municipal Bond Index was designed by the Chicago Board of Trade to serve as the basis for trading Long-Term Municipal Bond futures contracts when approved by the Commodity Futures Trading Commission. The Index represents an average of the figures obtained when the price of each of 40 select term bonds is divided by a figure derived from the amount at which the bond would be priced to yield 8%. In all computations, the maturity of a bond is represented by its first call at par. The Index is computed daily and is quoted in points and 32nds.

3-Month T-Bill Futures (IMM)*

Delivery Month	High	Low	Settle	Change (a)	Yield(b)
Sept.'87.	93.96	93.83	93.93	+ 5	6.07
Dec. '87.	93.63	92.50	93.59	+ 9	6.41
Mar. '88.	93.35	93.23	93.32	+ 9	6.68
June '88	93.15	93.03	93.13	+11	6.87
Sept.'88.	92.94	.....	92.92	+ 8	7.08
Dec. '88.	92.75	.....	92.73	+ 8	7.27
Mar. '89.	92.56	.....	92.57	+ 8	7.43

As of the previous day's close; Total no. of contracts traded: 6,241 total open interest: 22,937 and change in open interest: - 517

Footnotes to Futures Tables

*—For three month U.S. Treasury Bills having a face value at maturity of $1 million.
a—Change from previous day's settlement price in basis points.
b—100.00 minus settlement price.
IMM—Traded on the International Monetary Market, a division of the Chicago Mercantile Exchange.
r—New record high in open interest.

American Banker Index

Selected Money Center Bank Stocks*

		High	Low	Last
June 15..386.2	1987.....	386.2	316.8	386.2
June 12..377.3	1986.....	388.7	311.2	331.3
June 11..370.0	1985.....	344.2	242.7	344.2
June 10..372.3	1984.....	269.6	178.4	246.3
June 9..366.1	1983.....	299.6	223.1	260.2

* Based on midday prices.

Farm Loans . . .

Continued from Page 3

remain with their agricultural borrowers in light of governmental efforts to tie lenders' hands in working through problem loans."

BankAmerica Corp., based in San Francisco, is the one of the largest agricultural lenders in the nation. In 1986, BankAmerica Corp.'s problem agricultural loans inched up to 18% of its total farm loans, from 16% the previous year. Total problem farm loans at BankAmerica totaled $209 million last year, according to the company's financial reports.

In releasing the survey, the California Bankers Association called on Congress to adopt legislation creating a secondary market for agricultural real estate loans. Sen. David Pryor, D-Ark., and Sen. Thad Cochran, R-Miss., have introduced such a bill in the U.S. Senate. ■

• targeting • positioning • selling
MARKETING MANAGEMENT
every Wednesday in
American Banker

Banks Are Big Contributors to Losing Candidates

Continued from Page 18

48.5% of the total spent on House elections. Four hundred and eighty-one Democrats got $336,398, or 51.4% of the total.

Citicorp was by far the biggest House contributor, pouring $199,371 into those elections. This was more than double the House expenditures of Morgan, which has the No. 2 bank political action committee.

The House money was disbursed widely. Rep. George C. Wortley, a New York Republican and House Banking Committee member, got more money than any other candidate. Mr. Wortley received $25,825, or 3.9% of the total given to House candidates.

Close on Mr. Wortley's heels was Rep. Stephen L. Neal, a North Carolina Democrat and Banking Committee member, who got $25.500. Other big recipients were Rep. Joseph J. Dioguardi, R-N.Y., with $17,500; Rep. Doug Barnard Jr., a Georgia Democrat and member of the Banking Committee, who got $15,750; and Rep. Thomas J. Manton, a New York Democrat and also a Banking Committee member, who received $13,685.

Mr. Dioguardi was Citicorp's favorite congressman, garnering 6.3% of its total House contributions. Morgan favored Mr. Neal with 6% of its total House outlays. Mr. Wortley was the top recipient of money from Chemical, Manufacturers Hanover, Chase, and Bankers Trust, though he shared top spot with Mr. Neal at Chase and with Mr. Barnard and Mr. Manton at Bankers Trust.

BankAmerica's favorite was Rep. Richard H. Lehman, D-Calif.; Security Pacific's were Rep. Robert T. Matsui and Rep. Tony Coelho, both California Democrats; First Chicago's was Mr. Barnard; and First Interstate's was Rep. David Dreier, a California Republican.

As interstate banking has spread, banks' political action committees also have increased their state legislative activities.

For example, Citicorp's federal political action committee last year contributed $6,750 for state and local elections in Arizona, $2,160 in Maryland, $14,800 in Nevada, $750 in Oklahoma, $11,700 in South Dakota, and $300 in Utah, according to the 1986 annual report of Citicorp's political action committee. The state and local political action committee spent $95 238 on New York elections. ■

Favored Senators

The top 10 bank political action committees last year gave 11 senators and candidates $257,540, equal to 53.5% of their total Senate spending. The 11 recipients are listed below, with winners in bold.

	Contributions	% of Total
Slade Gorton, R-Wash.(b)	$41,369	8.6%
Jake Garn, R-Utah(b)	**37,756**	**7.8**
Daniel P. Moynihan, D-N.Y.[1]	32,705	6.8
Mack Mattingly, R-Ga.(b)	29,300	6.1
Ed Zschau, R-Calif.[2]	22,302	4.6
Alan J. Dixon, D-Ill.	**21,740**	**4.5**
James S. Abdnor, R-S.D.	16,500	3.4
Bob Packwood, R-Ore.	**15,110**	**3.1**
Steven D. Symms, R-Idaho	**14,300**	**3.0**
Mark N. Andrews, R-N.D.	13,250	2.8
Alfonse D'Amato, R-N.Y.(b)	**13,208**	**2.8**

(b) Member of Senate Banking Committee.
[1]Not up for election. [2]Not an incumbent.

Sinclair Joins Penney's Card Network

By YVETTE D. KANTROW

NEW YORK — J.C. Penney Co.'s data communications subsidiary has brought yet another petroleum retailer into its electronic point-of-sale network.

Sinclair Oil Corp., Salt Lake City, said that it will use J.C. Penney System Services for electronic credit card authorization and sales data capture at 2,000 outlets in 23 states.

Other major petroleum companies, including Amoco Oil Co., Shell Oil Co., and Citgo Petroleum Corp., already use the retailer's services.

With Penney's data network, Sinclair service stations can instantly authorize and process transactions made on its private label card, as well as on MasterCard, Visa, and travel, entertainment, and government cards. Stations are linked to the Penney network by telephone from point-of-sale terminals owned by Sinclair.

In a pilot program, Sinclair connected 350 stations to Penney's network.

Penney designed the network in the 1970s to speed checkout times for its 30 million credit card holders. In 1983, it formed J.C. Penney Systems Services to market the network's services to users other than the parent company. The subsidiary now handles more than 300 million credit card transactions annually.

The retailing giant picked up its first bank user, Zions First National Bank, Salt Lake City, in March. Although Penney has been slow to sign bank customers, its success in attracting petroleum retailers has led it to bill itself as the largest provider of point-of-sale services to the petroleum industry. ■

COUNSELOR'S CORNER

Continued from Page 4

control.

In summary, the principle that a holding company should be a source of strength to its banking subsidiaries is laudable. But it does not translate easily into a declaration that a failure to inject capital into a weak bank is an unsafe or unsound banking practice. A variety of practical difficulties and competing policy issues must first be accommodated.

The comments the Fed will be receiving through July 1 on the policy statement will no doubt facilitate such an effort. But the new policy was made effective upon its issuance; so for the moment, at least, an additional element of uncertainty has been introduced into the multibank holding company environment. ■

Two million professionals need a bank... and they're all readers of Nursing87.™

Want their business?

We have a powerful affinity group of nurses. Family income is $41.7M. About 400M nurses carry Nursing87 malpractice insurance; 50M carry Nursing87 MasterCharge or Visa cards; 600M subscribe to our magazines, 200M buy our books. Each has been sold by our own direct mail or our space ads.

If you have a third party installment or home equity loan program up and running, we'd like to talk to you about extending your reach to our customers. We move fast, so let us hear from you ASAP.

**Charles Munoz, VP,
Springhouse Corporation,
1111 Bethlehem Pike,
Springhouse, PA 19477.
(215) 646-8700**

© 1987 Springhouse Corporation

Republic New York Corporation

has acquired

The Williamsburgh Savings Bank

The undersigned acted as financial advisor to Republic New York Corporation

M. A. Schapiro & Co., Inc.

6/17/87 C0175-1

TOP BANK PERFORMERS — TABLES BEGIN ON P. 18

American Banker

The Daily Financial Services Ne

15538P0000015 6/15/05 C11
STATISTICAL REFERENCE INDEX
JOHN P KENNEDY
4520 EAST WEST HIGHWAY
SITE 800
BETHESDA MD 20814

VOL. CLII NO. 117 Wednesday, June 17, 1987

TODAY

FEDERAL AGENTS ARRESTED a New York money broker and seized his company as part of a nationwide roundup of individuals who allegedly embezzled union funds and defrauded financial institutions.....2

MANUFACTURERS HANOVER will hike its loan-loss reserve by $1.7 billion in the second quarter to reflect recent developments relating to the debt situation of refinancing countries.....2

NATIONAL WESTMINSTER BANK plans to increase its provisions for problem country debt by $760 million.....2

BANKS INVOLVED in debt-equity swaps with Third World borrowers could spread risk via a "debt-equity conversion fund" proposed by the International Finance Corp., a company executive said.....2

BANKS' DEBT OFFERINGS increased slightly while the market dipped in May.....3

BANKS SHOULD CAPITALIZE on core business, writes Donald E. Kerr and R. Lee Wilson.....4

THE CURRENT CELEBRATION of the Marshall Plan contains a special irony, writes Robert J. Samuelson.....4

TECHNOLOGY TODAY

BKW SYSTEMS, a software company operating under Chapter 11 protection, is working to fulfill existing contracts for its Pulse banking systems.....13

LARRY McTAVISH has been named chairman of Hogan Systems Inc., succeeding Gregor G. Peterson, a founder of the Dallas software company.....14

A FRENCH BANK, Banque Regionale d'Escompte et de Depots, has installed France's first automated currency exchange machine in a Parisian shopping arcade.....27

GIFT CHECKS have been introduced by American Express, which will spend $4 million on their promotion during the Christmas season.....38

THOMAS A. COOPER, BankAmerica Corp.'s former president and chief operating officer, has been offered a position as head of a financial services firm in Florida...39

KEEPING CURRENT

Calendar of Events.....20
Executive Changes.....17
In the News.....3

Quote

It's surprising to see their turnaround.

Alison Cooper, a research analyst with the Washington-based Investor Responsibility Research Center, on the sale of Citicorp's wholly owned South African subsidiary1 [Page 1]

Unquote

Morgan, Fleet, and State Street Get Top Performance Ratings

By L. MICHAEL CACACE

NEW YORK — J.P. Morgan & Co. led the nation's top-performing money center banks in 1986; it has been the best performer over the past five years.

The *American Banker* seventh annual survey of top performers also identifies the Fleet Financial Group as the top regional bank with assets over $10 billion in 1986. State Street Boston Corp. ranked as the top regional bank with assets of $5 billion to $10 billion for 1986.

From 1982 to 1986, Banc One Corp., Columbus, Ohio, was the top performing regional bank.

Three key ratios are used in the survey: return on average assets, return on average equity, and the market-to-book value of a bank's stock. Return on average assets, or ROA, is net income as a percentage of average assets. Return on equity capital, or ROE, is net income as a percentage of average equity capital. The market-to-book value

Morgan: Page 19 ➤

Investor Favorites

1986 Market-to-Book Ratios

	Money Center Banks	
1	J. P. Morgan & Co., Inc.	170%
2	Northern Trust Corp.	158
3	Republic New York Corp.	156
4	Bankers Trust New York Corp.	129
5	Bank of Boston Corp.	119

	Large Regional Banks	
1	Fleet Financial Group, Inc.	186%
2	Banc One Corp.	183
3	First Wachovia Corp.	182
4	Barnett Banks of Florida, Inc.	173
5	First Union Corp., Inc.	171

	Smaller Regional Banks	
1	State Street Boston Corp.	264%
2	Society Corp.	248
3	Continental Bancorp., Inc.	205
4	First Kentucky National Corp.	183
5	United Jersey Banks	168

FROM THE REGIONS

THE SOUTHWEST

Bank Employment Scene Grim in Texas

By DAVID LaGESSE
Southwest Bureau

DALLAS — Employment prospects for Texas bankers appear grim for the next few years, particularly for senior officers.

Economists predict overall banking employment will continue the downward trend that began in Texas in 1986.

In response, out-of-state banks are flocking to Texas to court surplus bank officers, a fact demonstrated by newspaper ads in several cities. Houston, in particular, has hosted a number of visits by far-flung banks, particularly from

the healthier markets of the Southeast.

Many Texas bankers have resisted, however, largely because southeastern banks do not offer the high salaries that have become the norm in an oil-rich economy.

With the advent of branch banking, more Texas banking jobs will be lost,

From the Regions: Page 32 ➤

Citicorp to Sell South African Subsidiary

Business Constraints Led To Move, Company Says

By JAMES R. KRAUS

NEW YORK — Citicorp said it will sell its wholly owned South African subsidiary because of growing constraints on the unit's business operations.

The subsidiary, Citibank NA Ltd., will be sold to the First National Bank of Southern Africa Ltd., Johannesburg, for 130 million rand, or $38.2 million, the bank holding company said.

The deal is expected to be completed by June 30 and has received South African government approval, the company added.

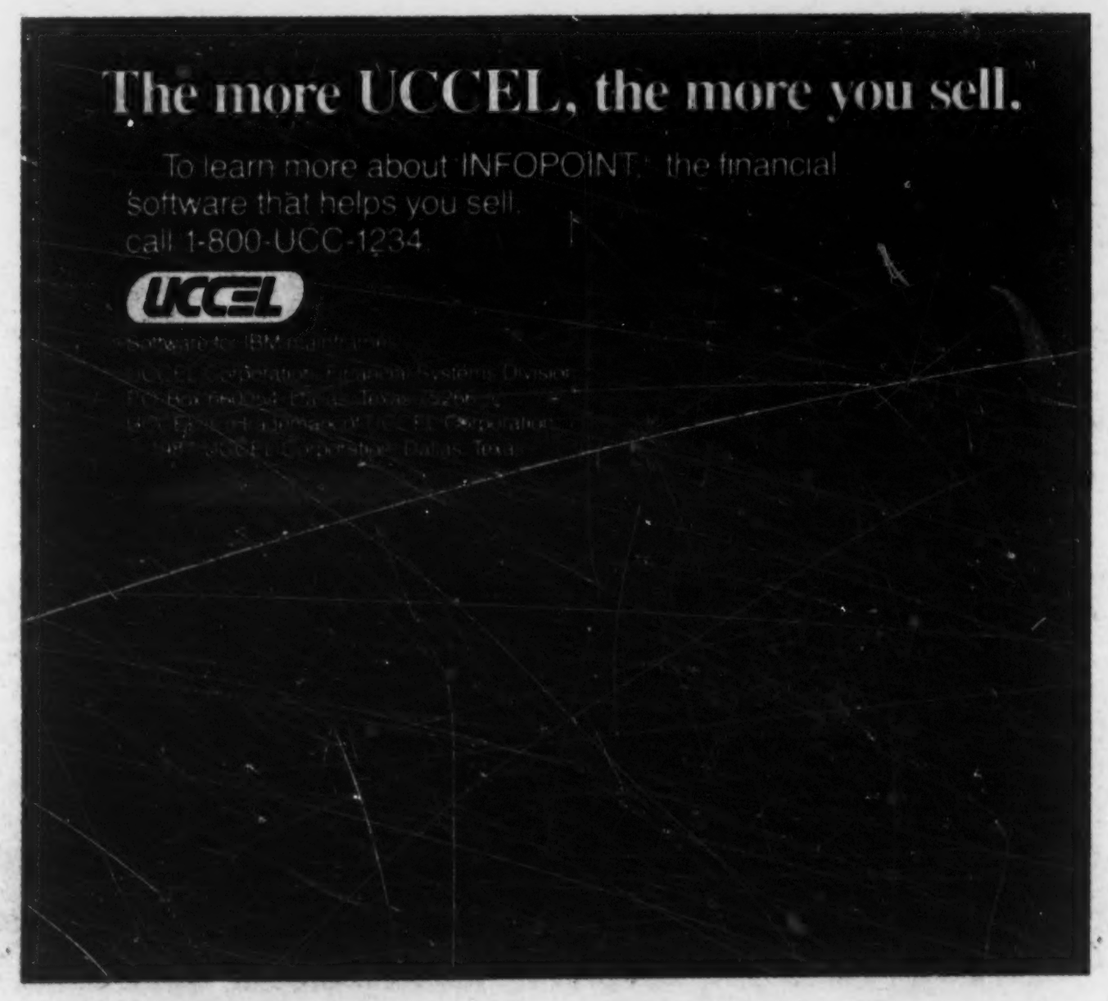
Citicorp is the last U.S. banking company with a direct investment in South Africa. Two other U.S. banking companies — the Chase Manhattan Corp. and the NCNB Corp. — closed their South African units in 1985 and 1986.

First National Bank of Southern Africa, the largest bank in South Africa, formerly was the Barclays National Bank Ltd. First National was set up after Britain's Barclays Bank PLC sold its remaining 40.4% stake in the bank last November to a group of South African investors that included the Anglo American Corp., De Beers Consolidated Mines, and the Southern Life Association.

The sale does not affect loans to South African borrowers and those loans will remain on Citibank books. The bank has about $700 million in loans outstanding to South African borrowers but has not lent any new money since mid-1985.

Citibank NA Ltd. has a main branch in Johannesburg with 180 employees and a small branch in Durban with a staff of five. Activities largely focus on

Citicorp: Page 38 ➤


The more UCCEL, the more you sell.
To learn more about INFOPOINT, the financial software that helps you sell, call 1-800-UCC-1234
UCCEL

HIGH PERFORMANCE. LOW COST.

"We drive ATMs better than anyone else in the world."
For more information call Bob Cline or Peggy Golden at (513) 579-4282.

MPS
MIDWEST PAYMENT SYSTEMS
An Affiliate of Fifth Third Bancorp

American Banker
BANK PERFORMANCE

1986 Performance of Top U.S. Banking Companies

Compiled by American Banker Copyright 1987

Performance Study Peer Groups

Peer Asset Rank	MONEY CENTER BANKS	Assets 12/31/86
1	Citicorp, New York	196,124,000,000
2	Chase Manhattan Corp., New York	94,765,815,000
3	J.P. Morgan & Co., Inc., New York	76,039,000,000
4	Manufacturers Hanover Corp., New York	74,397,389,000
5	Chemical New York Corp.	60,564,123,000
6	Bankers Trust New York Corp.	56,419,945,000
7	First Chicago Corp.	39,147,996,000
8	Mellon Bank Corp., Pittsburgh	34,499,370,000
9	Bank of Boston Corp.	34,045,409,000
10	Continental Illinois Corp., Chicago	32,808,986,000
11	Irving Bank Corp., New York	24,232,521,000
12	Republic New York Corp.	17,464,897,000
13	Harris Bankcorp, Inc., Chicago	10,277,701,000
14	Northern Trust Corp., Chicago	9,090,107,000

Peer Asset Rank	BANKS WITH ASSETS OVER $10 BILLION	Assets 12/31/86
1	BankAmerica Corp., San Francisco	104,189,297,000
2	Security Pacific Corp., Los Angeles	62,606,000,000
3	First Interstate Bancorp., Los Angeles	55,421,736,000
4	Wells Fargo & Co., San Francisco	44,577,100,000
5	First Bank System, Inc., Minneapolis	28,011,495,000
6	NCNB Corp., Charlotte, N.C.	27,472,434,000
7	First Union Corp., Charlotte, N.C.	26,820,240,000
8	SunTrust Banks, Inc., Atlanta	26,165,455,000
9	Marine Midland Banks, Inc., Buffalo, N.Y.	24,789,596,000
10	Bank of New England Corp., Boston	22,472,935,000
11	PNC Financial Corp, Pittsburgh	22,198,930,000
12	MCorp, Dallas	21,886,812,000
13	Norwest Corp., Minneapolis	21,539,400,000
14	NBD Bancorp., Inc., Detroit	21,176,031,000
15	RepublicBank Corp., Dallas	20,944,300,000
16	Bank of New York Co., Inc.	20,708,850,000
17	Barnett Banks of Florida, Inc., Jacksonville	20,228,949,000
18	Texas Commerce Bancshares, Inc., Houston	19,192,000,000
19	Citizens & Southern Corp., Atlanta	18,757,000,000
20	First Wachovia Corp., Winston-Salem, N.C.	18,689,550,000
21	InterFirst Corp., Dallas	17,986,000,000
22	First Fidelity Bancorp., Newark, N.J.	15,170,304,000
23	Sovran Financial Corp., Norfolk, Va. (a)	14,952,156,000
24	CoreStates Financial Corp., Philadelphia	14,595,402,000
25	National City Corp., Cleveland	14,107,259,000
26	Hartford National Corp., Conn. (a)	13,879,294,000
27	First City Bancorp. of Texas, Inc., Houston	13,681,179,000
28	Banc One Corp., Columbus, Ohio	12,662,000,000
29	Southeast Banking Corp., Miami	12,468,984,000
30	Midlantic Corp., Edison, N.J.	11,873,756,000
31	Fleet Financial Group, Inc., Providence, R.I. (a)	11,690,346,000
32	Fidelcor, Inc., Philadelphia (a)	11,391,725,000
33	Norstar Bancorp, Inc., Albany, N.Y. (a)	11,132,015,000
34	AmeriTrust Corp., Cleveland (a)	11,068,113,000
35	Valley National Corp., Phoenix, Ariz. (a)	10,715,497,000
36	Shawmut Corp., Boston (a)	10,697,446,000

Peer Asset Rank	BANKS WITH ASSETS OF $5 BILLION TO $10 BILLION	Assets 12/31/86
1	Comerica, Inc., Detroit	9,982,511,000
2	Boatmen's Bancshares, Inc., St. Louis	9,919,003,000
3	Union Bancorp, Los Angeles	9,901,273,000
4	Allied Bancshares, Inc., Houston (b)	9,863,646,000
5	Maryland National Corp., Baltimore	9,513,341,000
6	U.S. Bancorp., Portland, Ore.	9,491,354,000
7	Signet Banking Corp., Richmond	9,471,496,000
8	United Virginia Bankshares, Inc., Richmond	9,412,574,000
9	Rainier Bancorporation, Seattle	9,216,090,000
10	KeyCorp., Albany, N.Y.	9,072,750,000
11	Society Corp., Cleveland	9,060,948,000
12	Manufacturers National Corp., Detroit	8,110,207,000
13	United Jersey Banks, Princeton (c)	8,023,961,000
14	First of America Bk Corp., Kalamazoo, Mich.	7,869,918,000
15	Huntington Bancshares, Inc., Columbus, Ohio	7,717,915,000
16	Michigan National Corp., Farmington Hills	7,672,215,000
17	BayBanks, Inc., Boston	7,627,668,000
18	First American Bksh., Washington, D.C.	7,209,709,000
19	State Street Boston Corp., Boston	7,189,818,000
20	First Wisconsin Corp., Milwaukee	7,090,197,000
21	Florida National Banks of Fla. Inc., Jacksonville	6,876,822,000
22	Meridian Bancorp., Inc., Reading, Pa.	6,801,115,000
23	European American Bancorp, New York	6,744,465,000
24	Mercantile Bancorporation, Inc., St. Louis, Mo.	6,586,179,000
25	Riggs National Corp., Washington, D.C.	6,253,385,000
26	Marshall & Ilsley Corp., Milwaukee, Wis. (c)	6,000,935,000
27	Texas American Bankshares, Inc., Fort Worth	5,985,740,000
28	First American Corp., Nashville (c)	5,950,777,000
29	AmSouth Bancorporation, Birmingham, Ala.	5,942,706,000
30	Dominion Bankshares Corp., Roanoke, Va. (c)	5,920,662,000
31	First Pennsylvania Corp., Philadelphia	5,887,589,000
32	Centerre Bancorp., St. Louis	5,664,526,000
33	Old Kent Financial Corp., Grand Rapids, Mich.	5,582,276,000
34	First Tennessee National Corp., Memphis	5,555,707,000
35	First Maryland Bancorp., Baltimore (c)	5,487,202,000
36	Continental Bancorp., Inc., Philadelphia (c)	5,311,046,000
37	Commerce Bancshares, Inc., Kansas City (c)	5,293,463,000
38	First Kentucky National Corp., Louisville (c)	5,128,486,000
39	Indiana National Corp., Indianapolis (c)	5,106,296,000
40	SouthTrust Corp., Birmingham, Ala. (c)	5,101,073,000
41	First Security Corp., Salt Lake City, Utah	5,079,578,000
42	Bancorp Hawaii, Inc., Honolulu (c)	5,060,018,000

Peer groups include all bank holding companies with assets of $5 billion or more at yearend 1986.

(a) In 1985, the bank was in Peer Group 3: Banks with Assets of $5 billion to $10 billion.

(b) In 1985, the bank was in Peer Group 2: Bank with Assets over $10 billion.

(c) In 1985, the bank had less than $5 billion in assets, and therefore was not in the study.

Definitions and Methodology

The statistical tables for the *American Banker's* annual performance study were compiled by the *American Banker* from data provided by *Cates Consulting Analysts, New York.*

A listing of the bank holdings in today's study appears to the left. The firms are divided into three peer group: Peer Group 1 — Money Center Banks; Peer Group 2 — Banks with assets over $10 Billion on Dec. 31, 1986; and Peer Group 3 — Banks with assets between $5 Billion and $10 billion on Dec. 31, 1986. Within each peer group, the firms are listed in order of their asset size on Dec. 31.

This table was prepared by the American Banker statistics department. Banks that are not owned by holding companies are excluded.

The first table, is called "1986 Performance of Top U.S. Banking Companies". The banks in Peer Groups 1 and 2 appear on page 22, and the banks in Peer Group 3 appear on page 24. The banking firms are ranked by three measures of performance: return on average assets; return on average equity; and percentage change in earnings per share.

Cates defines **return on average assets** as net income before extraordinary items for the entire year 1986 divided by a daily average of total assets. If daily average assets is not available, Cates uses the mean of Dec. 31, 1985, and Dec. 31, 1986.

Return on average equity is net income minus preferred stock dividends divided by average common shareholders' equity. Here, average equity is computed by taking the mean of Dec. 31, 1985 and Dec. 31, 1986, common equity.

The percentage change in earnings per share is the difference of earnings per share (12/86-12/85) divided by earnings per share 12/85. Earnings per share is primary, based on net income before extraordinary items, and for the 12-month period.

In this listing **American Banker** shows the 1985 data as reported in 1986; lists firms geographically if two or more firms have the identical return on assets for 1986; calculates the group mean; and calculates the group median.

The group **mean** is calculated by summing all of the values and dividing that number by the total number of observations. The **median** is obtained by finding the midpoint of the array of values.

Thee second table entitled "How the Market Looks at Banks," appears on page 26. Here, the banks are ranked in order of market-to-book value of their stock. In addition, the price earnings multiple and dividend yield are shown.

Market-to-book value for 1986 is the stock price divided by the book value per share. Cates uses the bid price on common stock as of Jan. 31, 1987, (or the closest trade date) and divides this by book value per share on Dec. 31, 1986. The market-to-book value for 1985 is calculated by dividing the bid price on common stock as of Feb. 3, 1986, (or the closest trade date) by book value per share on Dec. 31, 1985.

The price earnings multiple is the stock price, as defined above, divided by earnings per share.

The dividend yield is the indicated annual dividend divided by the stock price as defined above.

Performance Group Medians: 1982-1986

	1986			1985			1984			1983			1982		
	ROA	ROE	Mkt/Book	ROA	ROE	Mkt/Book	ROA	ROE	Mkt/Book	ROA	ROE	Mkt/Book	ROA	ROE	Mkt/Book
Money Center Banks	0.70	13.32	95.23	0.65	13.16	95.02	0.54	11.65	82.09	0.60	13.86	81.52	0.57	13.86	65.39
Banks with Assets over $10 Billion	0.89	15.68	134.44	0.81	14.90	117.77	0.70	12.87	88.61	0.68	13.02	85.78	0.70	14.58	72.37
Banks with Assets of $5 Billion to $10 Billion	0.89	14.24	134.20	0.88	14.37	132.78	0.84	13.95	108.99	0.78	12.49	95.69	0.81	13.39	72.29

Morgan, Fleet, and State Street Get Top Performance Ratings

→ Continued from Page 1

measures the market's perception of bank performance.

Based on those ratios, the worst-performing money center bank was Continental Illinois Corp.; the worst large regional bank was First City Bancorp of Texas Inc., Houston; and the worst smaller regional was Texas American Bankshares Inc., Fort Worth.

Included in the survey are the 92 commercial bank holding companies with assets of $5 billion or more on Dec. 31, 1986. These 92 companies are then broken into three peer groups: 14 money center banks, 36 large regional banks with assets of $10 billion or more, and 42 smaller regional companies with assets of $5 billion to $10 billion. The survey is based on data supplied by Cates Consulting Analysts, New York.

Morgan Stays on Top

Over the past five years, J.P. Morgan & Co., the nation's premier wholesale banking firm, each year has ranked among the top money center banks in ROA and ROE. In 1986, for the second year in a row, it ranked first in both of those measures, with an ROA of 1.19% and an ROE of 18.94%. And in 1986, for the third year in a row, Morgan had the best market-to-book ratio among the money centers: 169.58. This was up from 138.71 in 1985, and 103.72 in 1984.

Since 1982, Morgan has been second only to Citicorp in earnings. But over that period, Morgan's earnings growth has been much more impressive. Morgan's net income has grown three times faster than Citicorp's over the period —.150% compared with 46%.

The $11.7 billion-asset Fleet Financial Group, Providence, R.I.— which moved from the small regional group to the large regional group last year — was the top large regional firm in market-to-book, with a ratio of 185.58. Fleet also ranked as the top large regional in return on average assets, with 1.37%, and it ranked second in return on average equity, with 20.00%.

Over the past three years, Fleet has followed a "dual-strategy philosophy" of expansion, acquiring both bank and nonbank firms to maintain its diversity of lines of business. On the bank side, Fleet has acquired two top performing banking firms in 1986: First Connecticut Bancorp, Hartford, and Merrill Bankshares, Bangor, Maine. Currently, Fleet is in the process of merging with $11.1 billion-asset Norstar Bancorp., Albany, N.Y.

On the nonbank side, in 1983 Fleet acquired Bankers Mortgage Corp., a mortgage company, and Credico Financial Inc., a finance company. In 1984, Fleet acquired Davidge & Co., an investment counseling firm; in 1985, it bought Denrich Leasing Inc., a small equipment-leasing firm; and last November, it acquired Security Pacific Mortgage Corp. and its $2.5 billion servicing portfolio.

Best of the Small Regionals

For the second year in a row, State Street Boston Corp. was the top small regional firm in ratio of market to book value, with 263.63 for 1986, compared with 236.02 for 1985. In addition, it topped the small regionals in return on equity, with 19.95% for 1986, up from 18.74% in 1985 when it ranked fifth in ROE. Its ROA of 1.14% last year ranked it fifth, down one notch from 1985, when it ranked fourth with 1.12%.

State Street joined the performance survey in 1985, when its assets surpassed the $5 billion mark. The bank went through a restructuring several years ago, investing heavily in the securities-processing business. Today, it is one of the largest transfer agents and record keepers for mutual funds. This processing business generates an above-average amount of fee-based income for a bank of State Street's size

Over the past five years, Banc One has consistently ranked as one of the top firms in the *American Banker*'s performance surveys. It ranked second in ROA for five consecutive years, with an average over the 1982-86 period of 1.36%. It ranked no lower than fourth in ratio of market to book value over that period, ranking second for three of the other five years and first in 1985. Its market-to-book ratio averaged 189.07 over the period. Its ROE averaged 18.50%, falling from a high of 20.36% in 1982, when it ranked second among small regional firms, to 17.57% last year, when it ranked ninth among the large regionals.

AN American Banker SPECIAL REPORT

Banc One Corp. has been one of the nation's most profitable banks over the past five years. Earnings grew by more than 165% from $62 million in 1982, when it ranked 34th, to $164.7 million last year, when it ranked 20th. Banc One is considered a merger specialist with a remarkable ability to assimilate acquired institutions.

Other Survey Findings

Nineteen eighty-six was a year of sharp dichotomy in the performance of the nation's largest banking firms. For example, of the large regional banks, four posted substantial losses, compared with one in 1985. On the other hand, 12 firms, or one-third of the panel, had an average return on assets greater than 1.00%, compared with nine firms in 1985. The mean, as a measure of central tendency, is greatly affected by this wide divergence. Therefore, last year's median was a better measure of the average performance.

The median is the midpoint of the array of observations. If there are 15 members in a panel, for example, the eight observation is the median. If there are 14 members in a panel, the midpoint is a simple average of the sum of the seventh and eighth observations.

At money center banks, the median ROA moved up five basis points to 0.70% last year. Since 1982, it has moved up 13 basis points. The group's median ROE rose 33 basis points last year to 13.33%, but it is down 54 basis points from 13.86% in 1982.

At the large regional firms, the median ROA moved up eight basis points to 0.89% last year. Since 1982, it has moved up 19 basis points. The group's median ROE rose 78 basis points last year to 15.68%, and it has risen 100 basis points since 1982.

At the small regional firms, the median ROA rose by only one basis point to 0.89% last year. Since 1982, it has moved up eight basis points. The group's median ROE fell by 13 basis points last year to 14.24% from 14.37% in 1985. Over the past five years, the group's median ROE has risen 85 basis points.

The market-to-book value of a bank's stock is the best gauge of market perception of bank performance. This ratio measures the ability of a bank to create or destroy wealth for its shareholders. Mathematically, the ratio is a function of the bank's return on equity capital adjusted for inflationary expectations.

When a bank's ROE exceeds market requirements, the market price of a stock generally rises above its book value. The market-to-book ratio exceeds 100%, creating shareholder wealth. A ratio of 200%, for example, means that

Morgan: Page 37 →

GOLEMBE OFF WALL STREET

"Of course, some aspects of investment banking are not yet an exact science."

There is no mystery about completing a purchase or sale. It just takes hard work and experienced people. At Golembe Associates you will find the dedication and experience to meet your needs.

Banking is our business and after twenty years of working with top executives on virtually every financial and management aspect of banking, we know our business.

Find out about our unique blend of consulting and investment banking services for financial institutions of all sizes.

Our Annual Report and a special booklet containing answers to questions frequently asked us on investment banking and financial advisory services are available upon request.

Washington (202) 337-5550
Boston (617) 350-7880

GOLEMBE

1025 Thomas Jefferson St., NW • Suite 301 • Washington, D.C. • 20007

303 Congress Street • Boston, Massachusetts • 02210

American Banker
BANK PERFORMANCE

1986 Performance of Top U.S. Banking Companies

Compiled by American Banker Copyright 1987

Ranked by Peer Group, Using Three Measures of Performance

Money Center Banks

Rank 1986	Rank 1985	RETURN ON AVERAGE ASSETS	1986	1985
1	1	J.P. Morgan & Co., Inc.	1.19	1.06
2	2	Republic New York Corp.	0.85	0.93
3	3	Bankers Trust New York Corp.	0.79	0.79
4	4	Bank of Boston Corp.	0.78	0.73
5	14	First Chicago Corp.	0.71	0.43
6	12	Northern Trust Corp.	0.70	0.49
7	5	Chemical New York Corp.	0.70	0.70
8	8	Harris Bankcorp, Inc.	0.69	0.64
9	7	Chase Manhattan Corp.	0.65	0.65
10	10	Irving Bank Corp.	0.60	0.55
11	9	Citicorp	0.57	0.62
12	11	Manufacturers Hanover Corp.	0.54	0.54
13	6	Mellon Bank Corp.	0.54	0.67
14	13	Continental Illinois Corp.	0.35	0.47
		Mean Values for Group	**0.69**	**0.66**
		Median Values for Group	**0.70**	**0.65**

Rank 1986	Rank 1985	RETURN ON AVERAGE EQUITY	1986	1985
1	1	J. P. Morgan & Co., Inc.	18.94	18.06
2	2	Bankers Trust New York Corp.	16.48	16.62
3	5	Republic New York Corp.	16.01	14.36
4	6	Bank of Boston Corp.	15.51	13.77
5	4	Chemical New York Corp.	14.15	15.01
6	3	Citicorp	13.80	15.16
7	14	First Chicago Corp.	13.40	8.31
8	8	Irving Bank Corp.	13.24	12.96
9	7	Chase Manhattan Corp.	13.05	13.36
10	13	Northern Trust Corp.	12.76	8.50
11	9	Manufacturers Hanover Corp.	12.09	12.31
12	12	Harris Bankcorp, Inc.	10.39	10.12
13	10	Mellon Bank Corp.	10.01	12.21
14	11	Continental Illinois Corp.	6.77	11.29
		Mean Values for Group	**13.33**	**13.00**
		Median Values for Group	**13.32**	**13.16**

Rank 1986	Rank 1985	PERCENT GAIN IN EARNINGS/SHARE	1986	1985
1	3	Northern Trust Corp.	56.5	52.7
2	1	First Chicago Corp.	44.4	138.7
3	13	Bank of Boston Corp.	30.9	1.3
4	5	J. P. Morgan & Co., Inc.	21.2	28.7
5	2	Harris Bankcorp, Inc.	18.4	53.3
6	12	Republic New York Corp.	11.6	8.9
7	9	Bankers Trust New York Corp.	11.5	13.2
8	7	Irving Bank Corp.	11.2	20.2
9	8	Manufacturers Hanover Corp.	5.0	17.7
10	4	Chase Manhattan Corp.	3.8	41.7
11	10	Chemical New York Corp.	3.3	13.1
12	11	Citicorp	0.3	10.4
13	6	Mellon Bank Corp.	-13.0	26.4
14	14	Continental Illinois Corp.	-28.6	-101.6
		Mean Values for Group	**12.6**	**23.2**
		Median Values for Group	**11.4**	**19.0**

Banks with Assets over $10 Billion

Rank 1986	Rank 1985	RETURN ON AVERAGE ASSETS	1986	1985
1	--	Fleet Financial Group, Inc.	1.37	1.38
2	2	Banc One Corp., Columbus	1.36	1.37
3	4	First Union Corp., Inc.	1.30	1.19
4	6	PNC Financial Corp.	1.22	1.12
5	5	First Wachovia Corp.	1.15	1.18
6	--	Hartford National Corp.	1.11	1.09
7	12	National City Corp.	1.09	0.92
8	1	CoreStates Financial Corp.	1.08	1.99†
9	--	Sovran Financial Corp.	1.08	1.08
10	--	Norstar Bancorp., Inc.	1.07	1.12
11	9	SunTrust Banks, Inc.	1.03	1.01
12	--	AmeriTrust Corp.	1.03	1.18
13	8	Citizens & Southern Corp.	0.95	1.03
14	7	Midlantic Corp.	0.95	1.04
15	10	Barnett Banks of Florida, Inc.	0.92	0.97
16	13	Bank of New England Corp.	0.92	0.88
17	14	First Fidelity Bancorp.	0.90	0.87
18	--	Fidelcor, inc.	0.90	0.80
19	--	Shawmut Corp.	0.88	0.87
20	--	Valley National Corp.	0.85	0.86
21	15	Bank of New York Co., Inc.	0.85	0.84
22	11	NCNB Corp.	0.84	0.92
23	16	NBD Bancorp., Inc.	0.83	0.78
24	21	Southeast Banking Corp.	0.81	0.65
25	17	First Bank System, Inc.	0.76	0.70
26	20	Wells Fargo & Co.	0.73	0.67
27	18	Security Pacific Corp.	0.71	0.69
28	19	First Interstate Bancorp.	0.68	0.67
29	24	Marine Midland Banks, Inc.	0.65	0.55
30	25	Norwest Corp., Minneapolis	0.62	0.54
31	23	RepublicBank Corp.	0.25	0.64
32	27	Texas Commerce Bancshares, Inc.	0.11	0.27
33	22	MCorp	-0.38	0.64
34	30	BankAmerica Corp.	-0.47	-0.28
35	26	InterFirst Corp.	-1.72	0.29
36	28	First City Bancorp of Texas, Inc.	-2.45	0.25
		Mean Values for Group	**0.67**	**0.79‡**
		Median Values for Group	**0.89**	**0.81‡**

Rank 1986	Rank 1985	RETURN ON AVERAGE EQUITY	1986	1985
1	6	First Union Corp., Inc.	20.19	17.98
2	--	Fleet Financial Group, Inc.	20.00	18.87
3	--	Sovran Financial Corp.	18.16	17.46
4	9	PNC Financial Corp.	18.14	17.38
5	12	National City Corp.	17.95	16.62
6	--	Hartford National Corp.	17.92	17.90
7	10	Bank of New England Corp.	17.64	17.22
8	8	Citizens & Southern Corp.	17.61	17.75
9	7	Banc One Corp.	17.57	17.95
10	3	First Wachovia Corp.	17.53	19.57
11	14	SunTrust Banks, Inc.	17.00	16.37
12	5	Barnett Banks of Florida, Inc.	16.99	18.24
13	11	NCNB Corp.	16.93	16.95
14	--	Fidelcor, Inc.	16.45	15.64
15	13	Bank of New York Co., Inc.	16.08	16.52
16	1	CoreStates Financial Corp.	16.04	28.67†
17	16	First Bank System, Inc.	15.97	14.69
18	17	Wells Fargo & Co.	15.76	14.17
19	4	Midlantic Corp.	15.61	18.72
20	15	Security Pacific Corp.	15.47	15.10
21	--	Norstar Bancorp, Inc.	15.28	14.19
22	18	First Fidelity Bancorp.	14.98	14.05
23	21	Southeast Banking Corp.	14.90	12.45
24	18	Valley National Corp.	14.81	15.29
25	--	Shawmut Corp.	14.17	14.37
26	20	NBD Bancorp., Inc.	13.75	12.97
27	19	First Interstate Bancorp.	13.01	13.26
28	24	Marine Midland Banks, Inc.	12.08	11.02
29	--	AmeriTrust Corp..	11.12	11.52
30	25	Norwest Corp.	9.81	8.84
31	22	RepublicBank Corp.	4.10	12.24
32	27	Texas Commerce Bancshares, Inc.	1.71	4.62
33	23	MCorp	-8.98	11.19
34	30	BankAmerica Corp.	-16.12	-10.27
35	26	InterFirst Corp.	-32.25	5.22
36	28	First City Bancorp of Texas, Inc.	-54.44	3.03
		Mean Values for Group	**10.39**	**13.46‡**
		Median Values for Group	**15.68**	**14.90‡**

Rank 1986	Rank 1985	PERCENT GAIN IN EARNINGS/SHARE	1986	1985
1	20	Southeast Banking Corp.	32.2	3.0
2	13	First Union Corp., Inc.	32.0	17.7
3	1	CoreStates Financial Corp.	30.3	92.1
4	--	Fleet Financial Group, Inc.	24.9	20.1
5	10	PNC Financial Corp.	22.7	19.4
6	9	Wells Fargo & Co.	21.2	21.2
7	8	NBD Bancorp., Inc.	20.9	21.5
8	4	First Bank System, Inc.	20.4	35.9
9	3	Marine Midland Banks, Inc.	18.6	45.3
10	--	Sovran Financial Corp.	18.4	11.5
11	24	Bank of New York Co., Inc.	16.7	-0.2
12	15	Banc One Corp.	16.2	15.5
13	22	First Fidelity Bancorp.	15.1	1.6
14	18	Barnett Banks of Florida, Inc.	15.0	9.0
15	6	Bank of New England Corp.	13.9	24.6
16	2	Norwest Corp.	13.8	68.4
17	5	National City Corp.	13.5	25.3
18	--	Norstar Bancorp., Inc.	13.0	6.7
19	--	Hartford National Corp.	12.8	12.5
20	19	SunTrust Banks, Inc.	12.7	8.4
21	17	Security Pacific Corp.	11.7	9.8
22	7	Citizens & Southern Corp.	10.5	22.7
23	--	Fidelcor Inc.	10.3	13.8
24	14	NCNB Corp.	10.0	17.6
25	--	Valley National Corp.	8.0	27.8
26	--	Shawmut Corp.	5.8	10.2
27	16	First Interstate Bancorp.	5.1	11.0
28	11	First Wachovia Corp.	2.3	18.2
29	--	AmeriTrust Corp.	0.9	14.1
30	12	Midlantic Corp.	-0.2	17.8
31	28	Texas Commerce Bancshares, Inc.	-62.3	-71.3
32	23	RepublicBank Corp.	-65.0	1.3
33	30	BankAmerica Corp.	-39.6	-251.4
34	25	MCorp	-173.2	-15.2
35	26	InterFirst Corp.	-634.1	-48.3
36	27	First City Bancorp of Texas, Inc.	-1,793	-61.9
		Mean Values for Group	**-64.2**	**-1.6‡**
		Median Values for Group	**12.5**	**13.3‡**

Data are from **Cates Consulting Analysts, New York, Quarterly Performance Report** and are compiled by **American Banker**. Bank holding companies are ranked by their return on average assets; return on average equity; and percentage gain in earnings per share. For definitions and methodology used to compile this listing, see page 18. **(†)**— Includes gain on sale of mortgage subsidiaries. Without this gain, R.O.A. would have been 1.19% and R.O.E. 16.45%. **Dashes (—)** in the 1985 rank column indicate that a company was not in this peer group panel in 1985, because its assets were less than $10 billion on Dec. 31, 1985. **(‡)**— The 1985 mean and median were calculated for the 30 banks comprising the panel that year. **N.A.**— Not Applicable.

American Banker
BANK PERFORMANCE

1986 Performance of Top U.S. Banking Companies

Compiled by American Banker Copyright 1987

Ranked by Peer Group, Using Three Measures of Performance

Banks with Assets of $5 Billion to $10 Billion

Rank 1986	Rank 1985	RETURN ON AVERAGE ASSETS	1986	1985
1	--	SouthTrust Corp.	1.18	1.21
2	7	AmSouth Bancorp.	1.17	1.08
3	--	Old Kent Financial Corp	1.17	1.21
4	--	First Kentucky National Corp.	1.15	1.14
5	4	State Street Boston Corp.	1.14	1.12
6	12	Maryland National Corp.	1.11	1.03
7	14	KeyCorp.	1.09	1.01
8	13	Meridian Bancorp., Inc.	1.09	1.02
9	10	Signet Banking Corp.	1.04	1.06
10	--	Marshall & Ilsley Corp.	1.02	1.02
11	--	Bancorp Hawaii, Inc.	1.01	0.93
12	--	First American Corp.	1.01	0.95
13	--	United Jersey Banks	1.00	0.87
14	16	First of America Bank Corp.	0.97	0.93
15	22	Society Corp.	0.97	0.87
16	11	United Virginia Bankshares, Inc.	0.97	1.05
17	17	Huntington Bancshares, Inc.	0.94	0.92
18	--	Indiana National Corp.	0.93	0.94
19	27	First Tennessee National Corp.	0.93	0.80
20	--	Dominion Bankshares Corp.	0.92	0.90
21	24	U.S. Bancorp.	0.90	0.85
22	19	BayBanks, Inc.	0.88	0.88
23	15	Boatmen's Bancshares, Inc.	0.88	0.98
24	25	Manufacturers National Corp.	0.87	0.81
25	18	Mercantile Bancorp., Inc.	0.86	0.89
26	20	Rainier Bancorp.	0.84	0.88
27	28	First Wisconsin Corp.	0.83	0.74
28	--	Commerce Bancshares, Inc.	0.80	0.83
29	--	First Maryland Bancorp.	0.77	0.68
30	--	Continental Bancorp., Inc.	0.71	1.17
31	35	Michigan National Corp.	0.70	0.50
32	30	Union Bancorp (a)	0.67	0.61
33	32	First American Bankshares	0.67	0.59
34	33	Comerica, Inc.	0.67	0.55
35	29	Riggs National Corp.	0.66	0.63
36	34	Centerre Bancorp.	0.59	0.55
37	1	Florida National Banks of Florida	0.53	1.59
38	38	First Pennsylvania Corp.	0.40	0.32
39	39	European American Bancorp.	0.16	0.29
40	37	First Security Corp.	0.10	0.38
41	3	Allied Bancshares, Inc.	-0.18	1.25
42	36	Texas American Bankshares, Inc.	-1.87	0.43
		Mean Values for Group	**0.77**	**0.86‡**
		Median Values for Group	**0.89**	**0.88‡**

Rank 1986	Rank 1985	RETURN ON AVERAGE EQUITY	1986	1985
1	6	State Street Boston Corp.	19.95	18.74
2	2	Signet Banking Corp.	18.26	22.02
3	11	Maryland National Corp.	18.23	17.08
4	--	First Kentucky National Corp.	17.49	17.45
5	--	SouthTrust Corp.	17.15	18.43
6	17	AmSouth Bancorp.	16.71	15.36
7	--	Old Kent Financial Corp.	16.58	17.76
8	19	First Tennessee National Corp.	16.40	14.46
9	--	Marshall & Ilsley Corp.	16.35	15.77
10	13	United Virginia Bankshares, Inc.	16.33	16.29
11	--	Bancorp Hawaii, Inc.	16.32	15.65
12	--	United Jersey Banks	16.16	15.75
13	5	BayBanks, Inc.	15.99	16.36
14	9	KeyCorp.	15.85	17.18
15	12	First of America Bank Corp.	15.78	17.03
16	23	Society Corp.	15.72	13.99
17	14	Meridian Bancorp., Inc.	15.63	16.16
18	--	Dominion Bankshares Corp.	15.50	15.86
19	16	Huntington Bancshares, Inc.	15.16	15.37
20	--	First American Corp.	15.01	15.28
21	21	Manufacturers National Corp.	14.54	14.24
22	--	Indiana National Corp.	13.95	13.68
23	3	Boatmen's Bancshares, Inc.	13.35	19.01
24	24	Rainier Bancorp.	13.21	13.81
25	29	First Wisconsin Corp.	12.83	10.98
26	27	U.S. Bancorp.	12.78	12.06
27	25	Mercantile Bancorp., Inc.	12.51	13.07
28	26	Riggs National Corp.	12.25	12.98
29	34	Michigan National Corp.	12.09	8.93
30	--	First Maryland Bancorp.	12.03	10.74
31	30	Comerica, Inc.	11.91	10.43
28	--	Commerce Bancshares, Inc.	11.78	12.31
33	--	Continental Bancorp., Inc.	10.87	17.17
34	33	First American Bankshares	10.82	9.20
35	32	Union Bancorp	10.59	9.55
36	35	Centerre Bancorp.	9.18	8.70
37	1	Florida National Banks of Florida	8.54	26.68
38	37	European American Bancorp.	3.00	6.54
39	38	First Security Corp.	1.42	5.35
40	39	First Pennsylvania Corp.	0.36	-1.88
41	2	Allied Bancshares, Inc.	-2.76	19.84
42	36	Texas American Bankshares	-36.10	6.97
		Mean Values for Group	**11.90**	**13.83‡**
		Median Values for Group	**14.24**	**14.37‡**

Rank 1986	Rank 1985	PERCENT GAIN IN EARNINGS/SHARE	1986	1985
1	2	Michigan National Corp.	36.0	45.9
2	33	Boatmen's Bancshares, Inc.	25.4	3.5
3	34	First Tennessee National Corp.	24.0	2.6
4	21	State Street Boston Corp.	23.1	12.7
5	3	Maryland National Corp.	21.4	36.5
6	--	First Maryland Bancorp.	20.2	16.1
7	8	First Wisconsin Corp.	19.9	23.1
8	--	Bancorp Hawaii, Inc.	17.6	14.3
9	9	Signet Banking Corp.	15.7	23.0
10	28	U.S. Bancorp.	15.3	9.2
11	--	United Jersey Banks	14.6	13.2
12	--	First American Corp.	14.3	10.0
13	23	Huntington Bancshares, Inc.	14.2	12.2
14	--	SouthTrust Corp.	14.1	12.4
15	26	Society Corp.	14.0	10.7
16	--	First Kentucky National Corp.	13.2	18.2
17	13	AmSouth Bancorp.	13.0	19.4
18	--	Marshall & Ilsley Corp.	13.0	20.2
19	36	Comerica, Inc.	12.4	-6.9
20	14	KeyCorp.	12.3	18.6
21	6	Manufacturers National Corp.	11.7	28.3
22	--	Indiana National Corp.	11.5	-3.1
23	15	Centerre Bancorp.	10.5	15.7
24	--	Dominion Bankshares Corp.	10.4	14.8
25	17	United Virginia Bankshares, Inc.	10.2	15.0
26	5	BayBanks, Inc.	7.6	29.6
27	10	Meridian Bancorp., Inc.	6.9	21.9
28	--	Old Kent Financial Corp.	6.7	9.1
29	20	First of America Bank Corp.	5.4	13.3
30	32	Rainier Bancorp.	4.6	4.2
31	--	Commerce Bancshares, Inc.	3.6	22.5
32	16	Riggs National Corp.	2.3	15.4
33	24	Mercantile Bancorp., Inc.	2.3	11.5
34	39	European American Bancorp.	1.2	-114.6
35	1	Florida National Banks of Florida	-34.0	111.6
36	--	Continental Bancorp., Inc.	-32.3	18.9
37	37	First Security Corp.	-73.7	-17.9
38	21	Allied Bancshares, Inc.	-114.2	2.1
39	35	First Pennsylvania Corp.	-123.1	0.0
40	38	Texas American Bankshares. Inc.	-537.9	-39.1
--	30	Union Bancorp (a)	N.A.	6.2
--	31	First American Bankshares	N.A.	5.8
		Mean Values for Group	**-11.7**	**12.6‡**
		Median Values for Group	**12.0**	**13.3‡**

Data are from **Cates Consulting Analysts, New York, Quarterly Performance Report** and are compiled by **American Banker**. Bank holding companies are ranked by their return on average assets; return on average equity; and percentage gain in earnings per share. For definitions and methodology used to compile this listing, see page 18. **(a)**— Data are for Union Bank. **Dashes (---)** in the 1985 rank columns indicate that these companies were not in this peer group panel last year, because their 1985 assets were either greater than $10 billion or less than $5 billion on Dec. 31, 1985. **N.A.**— Not Applicable. **(‡)**— The 1985 mean and median were calculated for the 39 banks comprising the panel that year.

Return on Average Assets of Top Banks: 1986, 1985, 1982

	Last Year		Previous Year		Five Years Ago	
	The BEST	The WORST	The BEST	The WORST	The BEST	The WORST
Money Center Banks	1.19 J.P. Morgan & Co. Inc. 0.85 Republic New York Corp. 0.79 Bankers Trust N.Y. Corp.	0.35 Continental Illinois Corp. 0.54 Mellon Bank Corp. 0.54 Manufacturers Hanover Corp.	1.06 J.P. Morgan & Co. Inc. 0.93 Republic New York Corp. 0.79 Bankers Trust N.Y. Corp.	0.43 First Chicago Corp. 0.47 Continental Illinois Corp. 0.49 Northern Trust Corp.	0.81 Republic New York Corp. 0.78 J.P. Morgan & Co. Inc. 0.74 Bank of Boston Corp.	0.18 Continental Illinois Corp. 0.41 First Chicago Corp. 0.43 Irving Bank Corp.
Banks with Assets over $10 Billion	1.37 Fleet Financial Group 1.36 Banc One Corp. 1.30 First Union Corp.	-2.45 First City Bancorp. of Texas -1.72 InterFirst Corp. -0.47 BankAmerica Corp.	1.99 CoreStates Financial Corp. 1.37 Banc One Corp. 1.25 Allied Bancshares Inc.	-0.28 BankAmerica Corp. 0.14 Crocker National Corp. 0.25 First City Bancorp. of Texas	1.17 InterFirst Corp. 1.16 Mercantile Texas Corp. 1.15 Texas Commerce Bancshares	-0.84 SeaFirst Corp. 0.30 Crocker National Corp. 0.33 BankAmerica Corp.
Banks with Assets of $5 Billion to $10 Billion	1.18 SouthTrust Corp. 1.17 AmSouth Bankcorp. 1.17 Old Kent Financial Corp.	-1.87 Texas American Bankshares -0.18 Allied Bancshares Inc. 0.10 First Security Corp.	1.59 Florida National Bks of Fla 1.38 Fleet Finanical Group, Inc. 1.18 AmeriTrust Corp.	0.29 European American Bancorp 0.32 First Pennsylvania Corp. 0.38 First Security Corp.	1.64 Allied Bankshares Inc. 1.38 Banc One Corp. 1.20 Wachovia Corp.	-0.36 First Pennsylvania Corp. 0.05 Michigan National Corp. 0.34 European American Bancorp.